

## Message Text

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63

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 FEA-01 STR-04

CEA-01 /094 W

----- 104616

R 192128Z JUN 75

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 4015

INFO AMEMBASSY PORT AU PRINCE

LIMITED OFFICIAL USE SANTO DOMINGO 2740

E.O. 11652: N/A

TAGS: BGEN, EFIN, DR

SUBJ: PRESIDENT CALLS FOR AUSTERITY TO COMBAT ECONOMY EMERGENCY

1. IN SPEECH BROADCAST TO NATION JUNE 18, PRESIDENT JOAQUIN BALAGUER, CITING INCREASED PETROLWUM COSTS AND ABRUPT FALL IN SUGAR PRICES, DESCRIBED PROSPECTS FOR 1976 AS AN EMERGENCY SITUATION WHICH CALLS FOR HEROIC MEASURES NOW. FORESEEING REDUCED FOREIGN EXCHANGE EARNINGS AND GOVERNMENT REVENUES FOR 1976, BALAGUER SAID FOLLOWING IMMEDIATE MEASURES NEEDED NOW TO AVOID WHAT HE TERMED EITHER BAD RECESSION OR DISPROPORTIONATE INCREASE IN PUBLIC DEBT:

A. ELIMINATE IMPORT OF LUXURY ITEMS

B. AVOID IMPORTING NECESSARY ITEMS WHICH CAN BE PRODUCED LOCALLY

C. STUDY MEANS TO ACQUIRE NEEDED BUT COSTLY ITEMS AT LOWER PRICES

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D. REDUCE CONSUMPTION OF GASOLINE AND OTHER PETROLEUM PRODUCTS

E. SUSPEND WORK ON PUBLIC WORKS WHICH ARE NOT STRICTLY NECESSARY AND ARE NOT IN ADVANCED STAGES

F. FREEZE SALARIES OF PUBLIC EMPLOYEES, EMPLOYEES OF STATE ENTERPRISES, AND ALL EMPLOYEES OF FIRMS WHICH USE QUOTE MINERAL CONBUSTIBLES UNQUOTE

G. REDUCE ALL GOVERNMENT SUBSIDIES BY 10 PERCENT EXCEPT FOR HOSPITALS AND LIKE INSTITUTIONS ON AUGUST 1.

2. LATER IN SPEECH, PRESIDENT CLARIFIED POINT A, ABOVE, BY SAYING THAT EXONERATIONS FOR THE IMPORT OF CARS AND OTHER LUXURY ITEMS WERE BEING DISCONTINUED. IMPORT PROHIBITIONS, HOWEVER, WOULD NOT BE IMPOSED. PRESIDENT THUS IMPLIED THAT HE IS TAKING NO MEASURES WHICH WOULD RESTRICT ACTIVITY OF PARALLEL MARKET.

3. PRESIDENT STATED FLATLY THAT THERE WILL BE NO INCREASES IN THE CURRENT YEAR'S BUDGET. THE GOVERNMENT WILL HAVE TO REDUCE EXPENDITURES IN SOME AREAS IN ORDER TO SUPPORT CRITICAL EFFORTS, SUCH AS WATER DELIVERY IN SANTO DOMINGO.

4. PRIVATE INDUSTRY WAS EXHORTED TO COOPERATE AND EMPLOY MAXIMUM NUMBER OF WORKERS. QUOTING ILO STUDY, PRESIDENT SAID PRIVATE SECTOR DEVELOPMENT HAS BEEN MORE CAPITAL INTENSIVE THAN ANTICIPATED UNDER INDUSTRIAL INCENTIVE LAWS.

5. BALAGUER PUT TEETH IN SPEECH BY NOTING THAT THE COUNTRY WAS QUOTE IN A STATE OF NATIONAL EMERGENCY UNQUOTE, AND WARNING THAT THE GOVERNMENT WOULD QUOTE NOTE TOLERATE THE SMALLEST DISTURBANCE OF PUBLIC ORDER UNQUOTE.

6. COMMENT: SPEECH LACKED SPECIFICS FOR IMPLEMENTING PROPOSED MEASURES. LACK ALSO OF USUAL POLISH AND ADVANCE NOTICE LEAVES IMPRESSION OF HASTY IMPROVISATION. ONE REASON FOR SPEECH MAY HAVE BEEN DESIRE TO DETER GOVERNMENT ENTITIES FROM SEEKING BUDGETARY INCREASES. BALAGUER'S FORCEFUL ATTITUDE COULD SOMEWHAT RESTRICT POLITICAL ACTIVITIES AND WILL ALMOST CERTAINLY ACT AS A RESTRAINT ON THE STATE UNIVERSITY'S DEMANDS FOR A HIGHER BUDGET WHICH WAS PROMISING TO BECOME A HEATED QUESTION LIMITED OFFICIAL USE

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WHICH MIGHT BE TAKEN TO THE STREETS BY THE PRESIDENT'S OPPONENTS. AXELROD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESIDENT, SPEECHES, ECONOMIC PROGRAMS, EMERGENCY PLANNING  
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**Draft Date:** 19 JUN 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**To:** STATE  
**Type:** TE  
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